

Message Text

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PAGE 01 DACCA 00366 180831Z
ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 AID-05 L-03
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TO SECSTATE WASHDC 7797

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PASS OPIC

E.O. 11652: N/A
TAGS: EINV, BG
SUBJECT: BELBAGCO

REFS: A. 77 DACCA 4949; B. 77 STATE 225897; C. 77 DACCA 5293;
D. 77 DACCA 6786

1. ON JANUARY 17 CHARGE' AND ECON OFF CALLED ON ADVISOR FOR INDUSTRIES JAMALUDDIN AHMED TO PRESS FOR SETTLEMENT ON BELBAGCO ON TERMS SET FORTH IN OPIC LETTER TO BDG DATED SEPTEMBER 22 (SEE REF B).

2. CHARGE' REVIEWED EVOLUTION OF U.S. POSITION AND STRESSED REPEATED U.S. COMPROMISES LEADING TO OUR REQUEST IN OPIC'S SEPTEMBER 22 LETTER FOR THE TAKA EQUIVALENT OF \$825,000 PAYABLE OVER THREE YEARS WITHOUT INTEREST. CHARGE' ALSO STRESSED ROCK BOTTOM NATURE OF U.S. OFFER, OUR RELUCTANCE TO COMPROMISE FURTHER, AND THE IMPORTANCE OF SETTLEMENT TO INVESTMENT PLANS OF U.S. COMPANIES WHICH HAVE MADE PROPOSALS TO BDG CONTINGENT ON OPIC INSURANCE.

3. AHMED OBSERVED THAT IN AGREEING TO OFFER \$520,000 BDG HAD COMPROMISED ITS ORIGINAL PROPOSITION DEPRECIATION AND HAD AGREED TO EXPRESS TAKA VALUE AT 7.59/\$1 EXCHANGE RATE PREVAILING AT TIME OF MARCH 26, 1972 EXPROPRIATION (REF A). HE SAID THE BDG WOULD HAVE NO "BASIS" FOR AGREEING TO TAKA EQUIVALENT OF \$825,000 AT CURRENT EXCHANGE RATE OF APPROXIMATELY TAKA 15/\$1. PAYMENT OF INTEREST (WHICH WAS NOT INCLUDED IN BDG'S \$520,000 OFFER), POSSIBLE REEVALUATION OF ASSETS, OR

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ACCEPTANCE OF CURRENT TAKA 15/\$1 EXCHANGE RATE FOR TRANSLATING SETTLEMENT INTO TAKA WOULD VIOLATE BDG'S ACCOUNTING PRINCIPLES. SUCH CONCESSIONS WOULD OPEN UP A "PANDORA'S BOX" FOR BDG IN NEGOTIATIONS WITH ABOUT 500 OTHER CLAIMANTS SINCE BASIS OF SETTLEMENT WOULD BECOME KNOWN NOTWITHSTANDING OUR PLEDGES OF CONFIDENTIALITY. (NOTE: AS DEPARTMENT AND OPIC ARE AWARE, AHMED IS HIS FORMER CAPACITY AS A CHARTERED ACCOUNTANT PREPARED THE AUDIT OF BELBAGCO UPON WHICH THE BDG HAS RELIED IN NEGOTIATIONS WITH US.)

4. WE EMPHASIZED REPEATEDLY THAT BECAUSE OF IRRECONCILABILITY OF OUR RESPECTIVE ACCOUNTING THEORIES, LUMB SUM APPROACH WAS THE ONLY PRACTICAL WAY TO SETTLE. BUT AHMED CONTINUED TO REQUEST A FURTHER U.S. CONCESSION AND ADAMANTLE INSISTED THAT BDG COULD NOT COMPROMISE ITS ACCOUNTING PRINCIPLES NOTWITHSTANDING OUR OBSERVATION THAT IT HAS ALREADY DONE SO IN OFFERING \$520,000.

5. AFTER FURTHER UNPRODUCTIVE DISCUSSION OVER APPLICABLE EXCHANGE RATES AND EXPRESSION OF ACCOUNTS IN TAKA OR DOLLARS, CHARGE' CONCLUDED MEETING BY STATING THAT U.S. HAS ALREADY OFFERED VERY SUBSTANTIAL COMPROMISES AND THAT WE ARE NOT DISPOSED TO FURTHER REDUCE OUR CLAIM. AHMED SAID HE WOULD HAVE TO RAISE THE MATTER WITH PRESIDENT ZIA (WHICH HE HAS EVIDENTLY NOT DONE LIMITED OFFICIAL USE

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YET ALTHOUGH THERE WERE EARLIER INDICATIONS U.S. OFFER WOULD BE SUBMITTED TO THE PRESIDENT. CHARGE' URGED HIM TO DO SO.
BERGESEN

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Message Attributes

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Draft Date: 18 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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ISecure: 1
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